
Permanent Addition of USPS Connect Local Mail
Price Category to the Market Dominant Product List

Docket No. MC2023-12

**COMMENTS OF THE
NATIONAL ASSOCIATION OF PRESORT MAILERS
(Dec. 9, 2022)**

The National Association of Presort Mailers (NAPM) respectfully submits these comments on the Permanent Addition of USPS Connect Local Mail Price Category to the Market Dominant Product List, MC2023-12, dated Nov. 14, 2022.

NAPM's membership includes mail service providers, mail supply chain vendors and mail owners. Our mail service provider members act as the "facilitators" that enable businesses to use the USPS' products and services easier and cheaper with better customer experience and USPS service performance as well as "one-stop shopping" for all their mailing and shipping related needs. Our members work within the mail owner company's departments (accounting/billing, marketing, customer relations, and more) to inform them about USPS' products/services and educate them on how they can accomplish their business objectives through using the mail. Our members provide "total solution capabilities," from printing, packaging, addressing, integrating omni-channel solutions, tracking, and more to enable the mail user to attain the greatest value mail offers them for their communications, business transactions, integrated marketing, and eCommerce business needs.

Our members interact with tens of thousands of commercial mail consumers, including many small businesses around the country. Our members are perfectly positioned to sell and support use of USPS Connect Local Mail to their business customers desiring same or next day service in a local area. Our members have existing relationships with these business customers because they provide them with a long list of other services, and our members are very entrepreneurial in the solutions they can develop for their customers.

We offer the below comments as valued partners of the Postal Service who share a goal of growing and retaining use of the mail, and who want to support the USPS in new innovative product offerings.

I. NAPM Supports Innovative New Product Approaches but is Concerned with the USPS' Request

NAPM supports the Postal Service's ongoing efforts to develop and implement innovative new products and services for customers served by the USPS and by NAPM members. USPS Connect Local Mail is an innovative idea that could leverage the USPS' delivery network capabilities to enhance same or next day delivery services. If designed and implemented correctly, this offering could bring in new mail volume & revenue to the USPS from businesses that may be using local courier services today or that are mailing pieces to a 5-digit ZIP Code where same or next day service is desired.

Although NAPM supports this product offering, we oppose the USPS' request to convert USPS Connect Local Mail to a permanent product at this time because as proposed it unlawfully discriminates against approved postage evidencing channels for First-Class Mail letters and flats by restricting postage payment to USPS' Click-N-Ship, in violation of 39 U.S.C. § 404a(a)(1). The purpose of Sec. 404a is to prevent the Postal Service from abusing its governmental status, its legal monopoly, and its regulatory authority to create for itself an unfair competitive advantage relative to private firms that offer complementary or competitive services. Heightened scrutiny is required not only because the end product is covered by the Postal Service's statutory monopoly but also because the "upstream" complementary service – postage evidencing – is an area where the Postal Service offers its own competitive service in a market that the Postal Service actively regulates (see 39 CFR §§ 501 et seq.).

This issue was previously raised during the Market Test for USPS Connect Local Mail and the Commission issued information requests to the USPS requesting justification for limiting the postage payment options to Click-N-Ship. The USPS responded that the limitations were driven by practical considerations unique to the start up of the market test and the USPS intimated it would explore expanded payment systems during the market test and prior to converting USPS Connect Local Mail to a permanent product, but it has not done so.

NAPM believes the Commission should deny without prejudice the Postal Service's request to convert Connect Local Mail market test to a permanent product offering at this time, and direct the Postal Service to use the remaining duration of the market test period to cure the Sec. 404a issues by allowing nondiscriminatory access to complementary postage evidencing channels.

II. Barriers to Participation Should be Removed

In addition to the Section 404a issues raised above, restricting postage payment to the USPS' Click-N-Ship system creates a barrier to customer participation because it prohibits use of postage payment methods used today for First-Class Mail letters and flats such as permit, postage meter, or

stamps. The USPS also is requiring use of an IMpb parcel barcode on USPS Connect Local Mail pieces, which is significantly different from the IM barcode used for letters and flats.

Many potential customers for the USPS Connect Local Mail service would be using other forms of postage payment that are allowed for FCM flats and letters, and would not have the necessary print technology and systems to apply a parcel barcode to a flat. The print technologies and systems necessary to generate and apply IMpb parcel barcodes vs the Intelligent Mail letters/flats barcode are significantly different. It may be that the Postal Service is proposing use of the IMpb parcel barcode only on these pieces because that is what is produced from its Click-N-Ship payment system. Assuming the USPS will eliminate that restriction and allow other methods of postage payment, it should also allow either an IMpb parcel barcode or an Intelligent Mail barcode to be applied to the pieces as both would provide the necessary tracking and visibility.

We believe that eliminating these barriers to participation would help grow use of the product. Indeed, the results to date during the Market Test phase show very low customer participation.

VII. Conclusion

In closing, NAPM continues to support USPS' development and implementation of innovative new product offerings, but we oppose converting USPS Connect Local Mail to a permanent product until such time as the USPS addresses the Section 404a issues and removes other barriers to customer participation.

NAPM members continue to desire to work with the USPS collaboratively, particularly on development of new products and services as well as enhancements to existing products and services. Our members promote the USPS offerings to their business customers and help facilitate and support use of USPS products. Working together, we can help retain and grow mail volume.

The NAPM appreciates the Commission's consideration of these comments.

Respectfully submitted,



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